

HOW DO THEY WORK?

Like any business, a work co-operative must operate in accordance with established sound business practices. In addition, it must conform to the Principles of Co-operation written into the relevant Co-operation Act - in Victoria, the Co-operation Act 1981.

The co-operative membership elects, from within its membership, a board of directors. That voluntary board accepts legal responsibility for the co-operative in such matters as taxation, organising Workers' Compensation, Insurance and arranging the legally required annual audit. Basically however, the way in which that board operates and the way in which decisions are made depends largely on the degree of cohesion among all members, employees and directors. Some directorial boards merely ratify decisions reached by employees through workers' councils, whilst other boards pass on all major decisions to the employees. In some work co-operatives, the directors recognise the workers need help in becoming more involved in the decision-making and management process. To increase the ability of employees to manage their enterprise, the education mentioned earlier takes the form of providing training in small business management, assertiveness, meeting procedures, etc.

Ultimately, the success of a business as a co-operative, as well as in economic terms, will depend on the effort and commitment of its members. The most successful co-operatives are those whose members originally come together with similar goals as well as a full understanding of how working co-operatively is the best way to achieve those goals.

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There are many ways to establish and operate a business. A business may be incorporated as a Company Limited by Guarantee, a Proprietary Company or a Co-operative. The choice depends upon which form appears to be best suited to the aims of the people involved both as regards establishment and operation of the business. The benefit of incorporation is the same whichever structure is chosen - it provides the protection of limited liability for members and a common corporate entity rather than the individuals in the business being responsible for its debts.

WHAT ARE CO-OPERATIVES?

Co-operatives differ from other types of business because of their basic belief in the ideals of

- * Equality
- * Equity
- * Mutual self-help

Those three values are reflected in the internationally accepted co-operative principles which are written into the legislation to which co-operatives must comply.

Those principles are:

- Open membership - anyone who accepts the responsibilities of membership may join the co-operative. No discrimination on the basis of sex, race or creed is allowed. Before you become a member of a co-operative, it is essential that you know what your role will be.
- Regardless of the amount of money a member has invested in the co-operative, s/he has one vote.

- Limited interest on share capital - as against other types of businesses, people cannot invest in a co-operative to get rich, quickly or otherwise.
- Equitable distribution of surplus (profit) - members decide how surplus should be justly distributed the profits to members in proportion to their work input or to employ another worker.
- Continuous member education - members are trained in both co-operative business management skills, and other job-related skills. It is also important to assist members to fully understand the implications of being a co-operative.
- Co-operation between co-operatives - where possible co-operatives strive to help each other, sometimes by buying stock in bulk together or by trading with other co-operatives in preference to other traders.

Co-operatives are by no means new. They have been operating in other parts of the world for over 150 years and in Australia for 120 years. Recently there has been a resurgence of interest in them and in Victoria there are close to thirty small businesses operating as work co-operatives. They can be based around any business focus — shops, factories, restaurants, printing business etc. Many of these were established as responses to high unemployment. In some cases concerned community workers have established co-operatives to provide local job opportunities. In other cases a group of people may come together and set up a co-operative to provide themselves with jobs. In other cases again, workers threatened with the closure of their workplace may pool resources to buy the factory and protect their jobs.

Many work co-operatives are organised in such a way as to encourage maximum involvement by employees in day-to-day and long-term management. Like other co-operatives work co-operatives have a variety of social as well as economic objectives. Although the products and services provided by work co-operatives are diverse, there are similarities uniting them:

- * Worker participation : this can vary from minimal workers' involvement to total workers' control. Work co-operatives do encourage workers to take on responsibilities of active involvement.
- * Continuous member education : in work co-operatives it is considered crucial to provide opportunities for all members to increase their understanding of co-operative philosophy and to increase their skills in translating co-operative principles into practice. Work co-operatives may also provide training in business management.
- * Job generation : many work co-operatives have expansion of employment as an aim. Thus profits made may be ploughed back to create more jobs.
- * Job satisfaction : In most work co-operatives, the management structure is flexible and responsive to the needs of the workers. Most employees in such co-operatives list job satisfaction as a big advantage - being part of the overall running of the business, sharing work, rotating chores etc.
- * Socially relevant products and services: co-operatives can provide any sort of product or service. Often work co-operatives make a point of providing useful goods and services. In Victoria for instance, work co-operatives are involved in community radio, re-afforestation, producing multi-lingual materials for schools.